

**MINUTES OF THE
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR
APPROPRIATIONS SUBCOMMITTEE**

Room 210, Senate Building, State Capitol Complex
January 19, 2011

MEMBERS PRESENT: Sen. Jerry Stevenson, Senate Chairman
Rep. Todd Kiser, House Chairman
Sen. Curtis Bramble
Sen. Gene Davis
Sen. Ralph Okerlund
Sen. Stuart Reid
Sen. Dennis Stowell
Rep. Jackie Biskupski
Rep. Jim Dunnigan
Rep. Brian King
Rep. Jeremy Peterson
Rep. Val Peterson
Rep. Ryan Wilcox

MEMBERS EXCUSED: Rep. Julie Fisher, House Vice Chair

MEMBERS ABSENT: Sen. Steve Urquhart
Rep. Greg Hughes

STAFF PRESENT: Dr. Andrea Wilko, Chief Economist
Dr. Thomas Young, Economist
Patrick Lee, Fiscal Analyst
Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts will be filed with committee minutes.

Sen. Stevenson called the meeting to order at 2:41 p.m and thanked those in attendance.

Public Service Commission

Ted Boyer, Public Service Commission Chair, accompanied by Julie Orchard, Commission Secretary discussed the mission and history of the Commission. Also present were Commissioners Ric Campbell and Ron Allen who helped to distribute handouts which included the Public Service Commission 2010 Annual Report. The goal of the commission is to give good utility service at reasonable rates in the State of Utah and to make sure that the utilities companies are financially healthy. It was pointed out that Utah's natural gas and electricity rates are among the lowest in the nation and that its efficiency ranking is 12th in the nation. The

commission accomplishes this with 1994 staffing and funding. Also a number of experienced employees have been lost due to the diminution of state employee benefits and low salaries.

Department of Commerce

Francine Giani, Executive Director, Department of Commerce, accompanied by Thad Levar, Deputy Director, gave a power point presentation with a handout of the slides. The Department contributes to the success of Utah businesses by supporting a favorable economic environment and has as a mission to support the public interest by ensuring fair commercial and professional practices. It was stressed that the Department has never received any funding from the General Fund or any other taxpayer-funded source and that Commerce's customers since 2006 have paid over \$62 M in excess fees over the cost of regulation. This excess lapses to the General Fund. Online services have enabled the Department to absorb increased license/registration numbers without equivalent budget increases. The various divisions in the department were reviewed.

Sen. Davis asked concerning how the recent 13 % budget cuts have affected the ability of the Department to conduct regulatory activities statewide. Sen. Reid inquired about the ratio of revenues created related to investigations. Rep. Val Peterson questioned concerning the increase in fines in Securities in FY 2010 over FY 2006 through FY 2009. Some of the cause is national settlements.

Department of Financial Institutions

Edward Leary, Commissioner of Financial Institutions, accompanied by Michael Jones, Finance Director, explained the dual banking system which has existed since the Civil War, which is that there are running in tandem banks and credit unions, some with national charters and jurisdiction, and some with state charters and jurisdiction. For efficiency much of the state regulation and examining is done jointly with federal agencies. The primary mission of the department is to examine deposit-taking institutions on site to ensure that they are safe, sound and following federal and state regulations and laws. Experienced, trained examiners are needed. The department is accredited both for banks and credit unions. The dual banking system is under attack creating the problem of preemption and the challenge of keeping state institutions competitive with national institutions. Consumer protection is growing in importance, and there will be a new federal consumer financial protection bureau in July. The state has 104 financial institutions which the department tries to check on annually. Many times more frequent visits are required.

Rep. King asked about the budgeting process and the desire to keep a minimal balance in the fund. Industrial banks have recently contributed to a surplus because of their size.

Labor Commission

Sherrie Hayashi, Labor Commissioner, and David Lamb, Finance Director, distributed a handout and gave a power point presentation. The Commission has the responsibility of balancing the interests of employers and employees and has the mission of achieving safety in Utah's workplaces and fairness in employment and housing. There are five divisions under the Commission: Antidiscrimination and Labor; Industrial Accidents; Boiler, Elevator and Coal Mine Safety; Occupational Safety and Health; and Adjudication. The 20% General Fund cut since 2008 has put a strain on services. The case loads and FTE's in each division were presented.

It was pointed out that there was an error on the January 11, 2011 minutes which showed Sen. Bramble being both present and excused. He was not present.

MOTION: Sen. Okerlund moved to approve the minutes of the January 11, 2011 meeting as corrected. The motion passed unanimously with Sen. Bramble, Sen. Davis, Rep. Biskupski, and Rep. Wilcox absent for the vote.

Patrick Lee, Fiscal Analyst, reviewed options for eliminating the structural deficit in the budgets of the Insurance Department, Labor Commission, Alcoholic Beverage Control, and the Department of Commerce. Dr. Wilko continued with the options for Community and Culture and the Governor's Office of Economic Development. Dr. Young concluded with the options for USTAR, and the Tax Commission. These options were created by staff with little agency input and are only a starting point for discussion. Sen Reid asked about the possibility of savings if GOED, USTAR, and DCC were consolidated into one department.

MOTION: Sen. Davis moved to adjourn. The motion passed unanimously with Sen. Bramble, Rep. Biskupski, and Rep. Wilcox absent for the vote.

Sen. Stevenson adjourned the meeting at 4:43 p.m.